

# Cigarette Distributor Licensing and Tax Stamp Guide



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**Preface**

This pamphlet is intended for California cigarette distributors. It provides information on how to purchase California cigarette tax stamps. It also includes some general information on cigarette and tobacco product taxes and how to become a licensed cigarette distributor.

If you have questions about purchasing cigarette tax stamps after you read this publication, please call our Stamp Desk at 916-341-6923. If you have general tax questions, see page 7.

*Note*

*The statements in this publication are general and current as of January 2006. The tax law is complex and subject to change. If there is a conflict between this publication and the law, any decisions will be based on the law and not on this publication.*

To contact your Board Member, see [www.boe.ca.gov/members/board.htm](http://www.boe.ca.gov/members/board.htm).

## 1. Introduction to cigarette taxes and distributor licenses

*If you are already a licensed California cigarette distributor, you may want to skip this section and begin with “Purchasing cigarette tax stamps.” See page 2.*

### What is a cigarette?

Under California law (Revenue and Taxation Code section 30003), a cigarette is defined as a rolled product of any size or shape, intended for smoking, that

- Includes any tobacco, flavored or not, and is
- Wrapped in paper or another material.

*Exception:* Products wrapped in tobacco or with a cover made mostly of tobacco are not cigarettes when they weigh more than three pounds per thousand.

### Which California excise taxes apply to cigarettes? How are they paid?

Cigarettes are subject to the *cigarette tax* and the *cigarette and tobacco products surtax*. Cigarette distributors pay the tax and surtax to the State of California by purchasing cigarette tax stamps. Distributors must attach a stamp to each package of cigarettes before distributing it.

Currently, a stamp for a pack of 20 cigarettes costs 87 cents, which includes both taxes. Distributors get a purchase discount of 0.85 percent to help offset the costs of applying the stamps.

Distributors may include the cost of the stamps in the amounts they charge their customers. Those customers may include the taxes as part of the retail price of the cigarettes.

*Important note:* It is against the law to place a California cigarette tax stamp on any cigarette package unless the manufacturer and brand family are listed in the California Attorney General’s Tobacco Directory. See [www.ag.ca.gov/tobacco](http://www.ag.ca.gov/tobacco).

### Who is considered a cigarette distributor? What permits are required?

A cigarette distributor is a person or company that makes the first untaxed distribution of cigarettes in this state. In general, distributors purchase cigarettes before any tax is due on them, then sell stamped cigarettes to wholesalers and retailers. Anyone who distributes cigarettes in California must register with us as a cigarette distributor.

#### ***Seller’s permit requirement***

You must have a seller’s permit before you can become a licensed cigarette distributor. If you do not yet have a seller’s permit, you may obtain an application by

- Visiting our website: [www.boe.ca.gov](http://www.boe.ca.gov). You may download a copy or ask us to mail a copy to you.

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You must have a seller’s permit before you can become a licensed cigarette distributor.

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- Calling our Information Center at 800-400-7115 (TDD/TTY: 800-735-2929). You may talk to a representative and request a copy or use the automated faxback option to receive a copy by fax.
- Calling or visiting one of our field offices. For locations, please visit our website at [www.boe.ca.gov](http://www.boe.ca.gov).

You may file your seller's permit application in person or by mail. You should receive your permit in 7-14 days if you apply by mail. Sometimes our field offices can issue your permit on the day you apply.

### ***Distributor licenses***

After you obtain a seller's permit, you may apply with us to become a licensed cigarette distributor. You must hold two types of distributor licenses:

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You must hold  
two types  
of cigarette  
distributor  
licenses.

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- *Cigarette Distributor License.* You need this license to distribute cigarettes, purchase tax stamps, and file monthly returns or reports that detail your cigarette distributions. When you obtain this license you must post a minimum of \$1,000 security (see additional security information for deferred payments on page 3). Acceptable forms of security include cash deposits, surety bonds, deposit accounts in banks, and state and federal credit union shares. There is no renewal requirement for this license, but we may suspend or revoke it if you do not comply with the requirements of the tax law.
- *Cigarette and Tobacco Products Distributor's License.* You need this license to sell cigarettes in California. The cost is \$1,000 for each of your locations. You must renew this license and pay the license fee every year.

To register as a cigarette distributor, please complete the *California Excise Taxes Permit Application* (BOE-400-ETC or BOE-400-ETI) and *Application for Distributors Cigarette and Tobacco Products License* (BOE-400-LD). You may obtain copies of the application forms from our website: [www.boe.ca.gov/pdf/boe400ld.pdf](http://www.boe.ca.gov/pdf/boe400ld.pdf) or by calling our Information Center (see page 7). Please mail your completed forms along with the required security and license fees to:

Excise Taxes and Fees Division, MIC:56  
State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279-0056

## **2. Purchasing cigarette tax stamps**

### **How do I register to become a tax stamp purchaser?**

To purchase cigarette tax stamps from us, you must be a licensed cigarette distributor. You must then register as a cigarette stamp purchaser.

To register, you must complete and submit an *Application for Licensed Cigarette Distributor to Register Cigarette Tax Stamp Purchaser* (BOE-400-ACTS). If you have

more than one cigarette distributor account, you must submit separate applications for each account.

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If you provide an e-mail address on your application, we will e-mail you to confirm your cigarette tax stamp purchaser registration.

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The registration requirement protects you by making sure that only authorized representatives can make purchases that will be charged to your account. Your application must designate a specific person to make purchases for you. If you wish to authorize more than one person to make stamp purchases, you must submit a separate application for each person. Each authorized purchaser will have a unique user ID and password.

Send your completed application to

Excise Taxes and Fees Division, MIC:56  
State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279-0056

### ***Registration confirmation***

If you provide an e-mail address on your stamp purchaser application, we will e-mail you to confirm your cigarette tax stamp purchaser registration. We will send two e-mail messages: one for your user ID and one for your password.

If you do not provide an e-mail address, we will send you two letters: one to confirm your cigarette tax stamp purchaser registration and a separate letter with your user ID.

We will mail a copy of the *California Cigarette Tax Stamp Purchase Order* (BOE-663-ACTS) to you when we confirm your registration.

### **Are there stamp purchasing options?**

Yes. At the time you register as a distributor, you must choose to purchase stamps on a current *cash basis* or using *deferred payments* (on credit).

If you choose the deferred payment option, we will establish your credit limit and notify you in writing. You must post security equal to 70 percent of your approved credit limit. Acceptable forms of security include cash deposits, surety bonds, deposit accounts in banks, and state and federal credit union shares.

### ***Deferred payments due on the 25th; late penalties apply***

Deferred payments are due on the 25<sup>th</sup> of the month following the month in which you purchase stamps. A ten percent penalty and interest will apply to late payments. We may immediately suspend your privilege to purchase stamps on the deferred payment basis or reduce your credit limit if you do not pay in full by the due date.

### **How do I order cigarette tax stamps?**

After you become a registered cigarette tax stamp purchaser, you may order tax stamps directly from our website, [www.boe.ca.gov](http://www.boe.ca.gov). Or you may send a purchase

order form, *California Cigarette Tax Stamp Purchase Order* (BOE-663-ACTS), to our Excise Taxes and Fees Division.

In either case, you need your user ID to place an order. If you forget your user ID or password, please contact our Stamp Desk at 916-341-6923. We can give you your user ID and also reset your password if necessary. Or you can use online prompts to retrieve your password (see next page).

### *Ordering online*

To order online, you must have a valid e-mail account, a user ID, and a password. When you first log in to the stamp purchasing system, you will be required to change your password. Please be sure to make note of it.

You can also change your user ID and password at any time by selecting the *Change User ID/Password* link from the menu bar. If you forget your password, please select the *Forgot Password* link and follow the online instructions.

### *Using a purchase order*

You may order stamps by mail or fax using a copy of the *California Cigarette Tax Stamp Purchase Order* (BOE-663-ACTS) sent to you when we confirmed your tax purchaser registration (see page 7 for extra copy information). Be sure to sign the form and include your user ID. Please mail to

Alternative Cigarette Tax Stamp Program, MIC:41  
Excise Taxes and Fees Division  
State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279-7077

Or call our Stamp Desk at 916-341-6923, then fax the form to 916-327-6235. Please mail us a copy of your faxed order form and note the fax date on it.

Stamp purchase orders received before 10:00 a.m. (Pacific time) will be processed the same day. After we process and approve your stamp purchase, the stamp manufacturer will ship your stamps.

Please note that the stamp manufacturer will not process stamp orders on certain holidays. To make sure you have an uninterrupted supply of cigarette stamps, please place your order with the Stamp Desk *at least two business days* before a holiday. You can find the 2006 holiday schedule on our website at [www.boe.ca.gov/sptaxprog/pdf/2006calendar.pdf](http://www.boe.ca.gov/sptaxprog/pdf/2006calendar.pdf).

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To order online,  
you must have a  
valid e-mail  
account,  
a user ID, and  
a password.

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## What options should I consider as I place my order?

### *Stamp denominations*

Stamps are sold in the denominations noted below and only in full rolls. (The number refers to the number of cigarettes in the package.) Your order must indicate the number of rolls you need in each denomination.

- 20s: 30,000 stamps per roll
- 20s: 1,200 stamps per roll
- 10s: 1,200 stamps per roll
- 25s: 1,200 stamps per roll

### *Shipping options*

The stamp manufacturer, Meyercord, will ship your cigarette tax stamps within one business day of the date we approve your order. You must select one of two shipping options on the purchase order or online order form. Please select only one shipping option per purchase order. If you require shipping by both methods, you must submit a separate purchase order for each method. If you do not select an option, Meyercord will use the standard shipping option.

- **Standard Option.** After we approve your order, you will receive your stamps within three business days of the shipping date. There is no shipping charge for this option.
- **Expedited Option.** After we approve your order, you will receive your stamps within one business day of the shipping date. There is an additional charge for this shipping option. Meyercord will bill you separately for the additional cost. Contact Meyercord at 630-682-6200 for the cost of expedited shipping to your area.

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Please select only one shipping option per order. There is no shipping charge for the standard shipping option.

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## How do I pay for the stamps?

You must make all payments for tax stamps through the Bank of America. To make payment arrangements, please contact Bank of America, Commercial Client Support, at 916-321-4804.

## How can I determine the status of my order?

Log on to our website at [www.boe.ca.gov/sptaxprog/spexcise.htm](http://www.boe.ca.gov/sptaxprog/spexcise.htm), then select the "Alternative Cigarette Tax Stamp Program (ACTS)" link under "Tax and Fee Programs Administered by the Excise Taxes Division." Or you may call our Stamp Desk at 916-341-6923.

### 3. Maintaining your cigarette distributor account

#### User ID and password

##### *If you order online*

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You can change  
your user ID and  
password at  
any time.

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As previously stated, when you first log in to the purchasing system, you will be required to change your password. Please be sure to make note of the new password.

You can also change your user ID and password on our website at any time by selecting the *Change User ID/Password* link from the menu bar. If you lose or forget your password, please select the *Forgot Password* link and follow the online instructions.

##### *If you use purchase orders*

If you use purchase orders and lose or forget your user ID, please call our Stamp Desk at 916-341-6923.

#### Authorized purchasers

You must maintain authorizations that allow one or more designated individuals to purchase stamps for your cigarette distributor account. To add authorized purchasers, please submit a new purchase application (BOE-400-ACTS).

To remove authorized purchasers, please submit a request in writing to the address noted on the next page. Your request should state your business name, cigarette distributor account number, authorized purchaser's name, authorized purchaser's e-mail address, and name and signature of the distributor's principal owner or authorized representative.

#### Changes of mailing or e-mail addresses

You must inform us, in writing, of any changes to your business or e-mail address. Please use the Alternative Cigarette Stamp Program address on the next page.



## 4. For more help or information

### Cigarette tax stamp questions

If you have specific questions regarding cigarette tax stamps or need to make a change in your cigarette purchasing account, please contact:

Alternative Cigarette Tax Stamp Program, MIC:41  
Excise Taxes and Fees Division  
State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279-7077  
  
Telephone: 916-341-6923 (Stamp Desk)  
Fax: 916-327-6235

### General cigarette tax questions

For answers to your general tax questions, please see our website:

[www.boe.ca.gov](http://www.boe.ca.gov)

See the “Alternative Cigarette Tax Stamp” link for cigarette stamp tax information.

You may also wish to call the Excise Taxes and Fees Division at

800-400-7115                      TDD/TTY: 800-735-2929

Staff can help you weekdays from 8 a.m. to 5 p.m., Pacific time, except state holidays.

Or you can write:

Excise Taxes and Fees Division, MIC:56  
State Board of Equalization  
P.O. Box 942879  
Sacramento, CA 94279-7056

### Forms and publications

You may download forms and publications from our website or place orders for certain forms and publications using our online ordering system:

[www.boe.ca.gov](http://www.boe.ca.gov)

You may also call our Information Center to request forms and publications:

800-400-7115                      TTD/TTY: 800-735-2929



### **Written tax advice**

For your protection, it is best to get tax advice in writing. Under certain circumstances, you may be relieved of tax, penalty, or interest charges if you don't pay the correct amount of tax because you relied on written advice we gave you regarding a specific transaction. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction or tax situation. Please send your request for written tax advice to the Excise Taxes and Fees Division at the address shown on page 7. Tax relief is not available if you incorrectly pay tax based on advice we give you in person or over the telephone.

Written tax advice is specific to individual taxpayers. You cannot obtain tax relief by relying on a written opinion given to another business, even if your transactions or situation are similar.

### **Taxpayers' Rights Advocate**

If you have not been able to resolve a disagreement through normal channels, we encourage you to contact our Taxpayers' Rights Advocate Office for help:

Taxpayers' Rights Advocate Office, MIC: 70  
State Board of Equalization  
P.O. Box 942879  
Sacramento CA 94279-0070  
Phone: 888-324-2798 (toll-free) or 916-324-2798  
Fax: 916-323-3319

State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0001